

NSC BRIEFING

2 June 1958

**SOVIET-YUGOSLAV DISPUTE**

- I. Yugoslavia's public insistence that it will not accept Soviet leadership has brought major public controversy in Communist world.
  - A. Issue is not Yugoslavia itself, but method of maintaining Soviet hegemony over Satellites. The policy of tolerating Yugoslav heresy--initiated by Khrushchev in 1955--has made it difficult to keep other Eastern European countries from catching same disease.
  - B. USSR, strongly supported by Chinese, has now attempted to destroy Yugoslavia's influence <sup>in Communist bloc</sup> ~~once~~ and for all, by attacking entire philosophical basis for Tito's independence as "anti-Marxist-Leninist."
  - C. Since early April, when dispute was made public, Soviet relations with Belgrade have deteriorated rapidly. Latest step was Soviet announcement on 27 May that USSR was postponing for five years aid programs totalling \$278 million.
    1. These funds were intended for development of Yugoslav alumina, fertilizer, and other raw materials industries. As none of this construction had begun, immediate <sup>loss</sup> ~~cost~~ to Yugoslavs is minimal.
    2. No word yet on status of Czech and Polish credits to Yugoslavia totalling \$90 million or on \$28 million remaining of Soviet credit for commodity purchases.

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Date:	2/08/80
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3. Wording of Soviet note on aid postponement suggests that normal foreign trade between Yugoslavia and the bloc is to continue.

D. Soviets have also held top level meetings of Council for Economic Mutual Assistance (CEMA) and Warsaw Pact members with the apparent aim of reaffirming their solidarity against the Yugoslavs.

II. These measures have been only partially successful so far. The Satellites have not been unanimous in their attitudes toward Tito.

A. Hungarians, and to a less extent Rumanians, seem reluctant to ~~send~~ <sup>send</sup> him entirely out of the Communist world.

B. But these divergencies are minor compared with those of the Poles.

1. Gomulka is on the spot. He cannot condemn Tito as anti-Marxist without in effect condemning himself. If the Soviets insist, Gomulka must either defy them or knuckle under. Either course might bring a new Hungary.

2. This prospect has also restrained Soviets from asking too much so far. Gomulka has been able to get away with relatively mild criticism of Yugoslavs on "safe" questions without giving way on the touchy issue of independence from Moscow. In effect, he "disagrees with what Tito says, but defends his right to say it."

3. Poles, in fact, maintain they will continue to develop closer economic ties with Belgrade.
  4. In addition, Soviet and Chinese attacks on Tito for accepting aid from US seem particularly aimed at Gomulka, but he apparently is holding firm here, too.
- C. Thus, as charges and countercharges continue, focus of dispute seems likely to move gradually from Belgrade to Warsaw.